



Dean K. Matsuura
Manager
Regulatory Affairs

February 23, 2010

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PUBLIC UTILITIES
COMMISSION

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, First Floor
465 South King Street
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2008-0083 – Hawaiian Electric 2009 Test Year Rate Case
Tariff Sheets Implementing Second Interim Decision and Order

On February 19, 2010, Hawaiian Electric Company, Inc (“Hawaiian Electric”) filed tariff sheets to reflect the second interim increase of \$12,671,000 approved by the Commission in its *Second Interim Decision and Order*, issued on February 19, 2010 in the subject proceeding.

The tariff sheets, which were effective February 20, 2010, inadvertently included revised 2009 interim increase rates for Schedule PP customers based on the original Interim Decision and Order filed July 2, 2009. Pursuant to the May 15, 2009 settlement agreement for this proceeding between Hawaiian Electric, the Consumer Advocate and the Department of Defense, the allocation of the interim increase in electric revenues assigned to Schedule PP customers (who are directly served by a substation versus those who are not) should be such that the Schedule PP customers who are directly served from a substation are assigned a revenue increase that is 50% of the overall revenue percentage increase that the *Second Interim Decision and Order* authorizes.¹ The revised 2009 interim increase rates effective February 20, 2010 were too low for Schedule PP customers who are directly served from a substation and too high for all other Schedule PP customers.

Hawaiian Electric proposes to correct and reconcile the 2009 Interim Increase rates for Schedule PP customers that were effective February 20, 2010 over the period February 23, 2010 to February 28, 2010. After this period, the correct rates for Schedule PP customers that should have been in place will be effective March 1, 2010.

Enclosed are the revised 2009 Interim Rate Increase tariff sheet, effective February 23, 2010 to February 28, 2010 (Exhibit 1), and the tariff sheet that will replace it effective

¹ See Stipulated Settlement Letter filed May 15, 2009, Exhibit 1, page 85, and Exhibit 4 of this filing.

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
February 23, 2010
Page 2

March 1, 2010 (Exhibit 2). Also enclosed is the previously effective tariff sheet (Exhibit 3) and supporting documentation for this filing (Exhibit 4).

Although the estimated amount of charges that need to be reallocated between Schedule PP customers is less than \$3,000, the Company is implementing the correction to be effective February 23-28, 2010 to ensure that the Schedule PP customers are appropriately charged.

Very truly yours,



Dean K. Matsuura
Manager, Regulatory Affairs

Enclosures

cc: Division of Consumer Advocacy
Department of Defense



EXHIBIT I

Superseding Revised Sheet No. 50.7
Effective February 20, 2010

REVISED SHEET NO. 50.7
Effective February 23, 2010

INTERIM RATE INCREASE 2009

Supplement To

Schedule R	- Residential Service
Schedule G	- General Service Non-Demand
Schedule J	- General Service Demand
Schedule H	- Commercial Cooking, Heating, Air Conditioning & Refrigeration Service
Schedule PS	- Large Power Secondary Voltage Service
Schedule PP	- Large Power Primary Voltage Service
Schedule PT	- Large Power Transmission Voltage Service
Schedule F	- Public Street Lighting, Highway Lighting, & Park & Playground Floodlighting
Schedule U	- Time-of-Use Service
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-C	- Commercial Time-of-Use Service
Schedule SS	- Standby Service

All terms and provisions of Schedules R, G, J, H, PS, PP, PT, F, U, TOU-R, TOU-C, and SS are applicable except that the Interim Rate Increase described below shall be added to customer bills.

All base rate schedule discounts, surcharges, and all other adjustments will not apply to the Interim Rate Increase.

INTERIM RATE INCREASE 2009:

Schedule R/TOU-R.....	7.04 percent
Schedule G/TOU-C Non-Demand.....	4.34 percent
Schedule J/TOU-C Demand.....	7.64 percent
Schedule H.....	7.69 percent
Schedule PS.....	5.07 percent
Schedule PP.....	7.03 percent
Schedule PP (Directly served from Substation).	1.58 percent
Schedule PT.....	3.28 percent
Schedule F.....	7.42 percent
Schedule U.....	7.64 percent

The above Interim Rate Increase 2009 is based on a second interim increase of \$73,769,000 approved by the Public Utilities Commission. The revenues collected through this Interim Rate Increase are subject to refund with interest upon a final decision and order.

HAWAIIAN ELECTRIC COMPANY, INC.

Docket No. 2008-0083
Second Interim Decision and Order, Issued February 19, 2010.
Transmittal Letter Dated February 23, 2010.

EXHIBIT 2

Superseding Revised Sheet No. 50.7
Effective February 23, 2010

REVISED SHEET NO. 50.7
Effective March 1, 2010

INTERIM RATE INCREASE 2009

Supplement To

Schedule R	- Residential Service
Schedule G	- General Service Non-Demand
Schedule J	- General Service Demand
Schedule H	- Commercial Cooking, Heating, Air Conditioning & Refrigeration Service
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Schedule PP	- Large Power Primary Voltage Service
Schedule PT	- Large Power Transmission Voltage Service
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Schedule H.....	7.69 percent
Schedule PS.....	5.07 percent
Schedule PP.....	7.17 percent
Schedule PP (Directly served from Substation).	1.45 percent
Schedule PT.....	3.28 percent
Schedule F.....	7.42 percent
Schedule U.....	7.64 percent

The above Interim Rate Increase 2009 is based on a second interim increase of \$73,769,000 approved by the Public Utilities Commission. The revenues collected through this Interim Rate Increase are subject to refund with interest upon a final decision and order.

HAWAIIAN ELECTRIC COMPANY, INC.

EXHIBIT 3

Superseding Sheet No. 50.7
Effective August 3, 2009

REVISED SHEET NO. 50.7
Effective February 20, 2010

INTERIM RATE INCREASE 2009

Supplement To

Schedule R	- Residential Service
Schedule G	- General Service Non-Demand
Schedule J	- General Service Demand
Schedule H	- Commercial Cooking, Heating, Air Conditioning & Refrigeration Service
Schedule PS	- Large Power Secondary Voltage Service
Schedule PP	- Large Power Primary Voltage Service
Schedule PT	- Large Power Transmission Voltage Service
Schedule F	- Public Street Lighting, Highway Lighting, & Park & Playground Floodlighting
Schedule U	- Time-of-Use Service
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Schedule PP (Directly served from Substation).	1.20 percent
Schedule PT.....	3.28 percent
Schedule F.....	7.42 percent
Schedule U.....	7.64 percent

The above Interim Rate Increase 2009 is based on a second interim increase of \$73,769,000 approved by the Public Utilities Commission. The revenues collected through this Interim Rate Increase are subject to refund with interest upon a final decision and order.

HAWAIIAN ELECTRIC COMPANY, INC.

Docket No. 2008-0083

Second Interim Decision and Order, Issued February 19, 2010.
Transmittal Letter Dated February 19, 2010.

EXHIBIT 4

HAWAIIAN ELECTRIC COMPANY, INC.
DOCKET NO. 2008-0083, TEST-YEAR 2009

INTERIM RATE INCREASE
CALCULATION OF REVENUE TO BE RECOVERED
In \$000s

L1	Increase in Total Operating Revenue to be Recovered from Rate Classes	\$73,769.0
L2	Late Payment Charges in Increase in Other Operating Revenue	<u>\$65.7</u>
L3 = L1 - L2	Increase in Total Operating Revenue To be Recovered from Rate Classes	\$73,703.3

Source:

L1 Exhibit A, Page 1, Second Interim Decision and Order, Docket No. 2008-0083,
filed February 19, 2010.

L2 $L1 \times 0.089\% = \$65.7$ ¹

¹ Docket No. 2008-0083, Stipulated Settlement Letter
Exhibit 1, Page 10.

EXHIBIT 4

HAWAIIAN ELECTRIC COMPANY, INC. DOCKET NO. 2008-0083, TEST-YEAR 2009

INTERIM RATE INCREASE SUMMARY OF REVENUE INCREASE BY CLASS EFFECTIVE FEBRUARY 23, 2010 THROUGH FEBRUARY 28, 2010

Rate Class	A	B	C	D
	Interim Rate Increase	Allocation	Interim Rate Increase	
	Allocation	Revenue Increase	Base Revenue	Class Increase
	(%)	(\$000s)	(\$000s)	(%)
Schedule R	35.74%	\$433.0	\$6,146.7	7.04
Schedule G	4.37%	\$52.9	\$1,221.2	4.34
Schedule J	33.86%	\$410.2	\$5,369.7	7.64
Schedule H	0.55%	\$6.7	\$86.7	7.69
Schedule PS ²	8.64%	\$104.7	\$2,066.7	5.07
Schedule PP ^{1,2}	12.33%	\$146.5	\$2,083.9	7.03
Schedule PP Direct Served Customer ^{1,2}	2.84%	\$37.4	\$2,368.5	1.58
Schedule PT	1.03%	\$12.5	\$380.2	3.28
Schedule F	0.64%	\$7.8	\$104.5	7.42
Total	100.00%	\$1,211.6	\$19,828.0	6.11

Source:

Column A Stipulated Settlement Letter Dated May 15, 2009, Docket No. 2008-0083, Exhibit 1, Pages 84-85.

note 1, Column A: Directly Served Customers are assigned a revenue increase of 50% of the overall revenue percentage increase. The remaining Sch PP customers are allocated remaining percentage increase to equal Schedule PP allocation of 15.17%. See Settlement letter, Exhibit 1, page 85.

Column B: Column A x \$73,703.3 Divided by 365 days Times 6 days.

note 2, Column C: Schedule PP Not Directly Served constitute 46.8% of forecasted Schedule PP Base Revenue. Schedule PP Directly Served constitute 53.2% of forecasted Schedule PP Base Revenue.

Column C: Revised Estimate of Revenue at Base Rates, Excluding Employee Discount. Divided by 365 days Times 6 days.

Column D: (Column B + Column C) * 100

EXHIBIT 4

HAWAIIAN ELECTRIC COMPANY, INC. DOCKET NO. 2008-0083, TEST-YEAR 2009

INTERIM RATE INCREASE SUMMARY OF REVENUE INCREASE BY CLASS EFFECTIVE MARCH 1, 2010

Rate Class	A	B	C	D
	Interim Rate Increase Allocation (%)	Revenue Increase (\$000s)	Interim Rate Increase Base Revenue (\$000s)	Class Increase (%)
Schedule R	35.74%	\$26,341.5	\$373,922.6	7.04
Schedule G	4.37%	\$3,220.8	\$74,291.0	4.34
Schedule J	33.86%	\$24,956.0	\$326,658.9	7.64
Schedule H	0.55%	\$405.4	\$5,271.7	7.69
Schedule PS ²	8.64%	\$6,368.0	\$125,723.8	5.07
Schedule PP ^{1,2}	12.33%	\$9,087.6	\$126,768.7	7.17
Schedule PP Direct Served Customer ^{1,2}	2.84%	\$2,093.2	\$144,082.8	1.45
Schedule PT	1.03%	\$759.1	\$23,126.3	3.28
Schedule F	0.64%	\$471.7	\$6,354.8	7.42
Total	100.00%	\$73,703.3	\$1,206,200.6	6.11

Source:

Column A Stipulated Settlement Letter Dated May 15, 2009, Docket No. 2008-0083, Exhibit 1, Pages 84-85.

note 1, Column A: Directly Served Customers are assigned a revenue increase of 50% of the overall revenue percentage increase. The remaining Sch PP customers are allocated remaining percentage increase to equal Schedule PP allocation of 15.17%. See Settlement letter, Exhibit 1, page 85.

Column B: Column A x \$73,703.3.

note 2, Column C: Schedule PP Not Directly Served constitute 46.8% of forecasted Schedule PP Base Revenue. Schedule PP Directly Served constitute 53.2% of forecasted Schedule PP Base Revenue.

Column C: Revised Estimate of Revenue at Base Rates, Excluding Employee Discount.

Column D: (Column B + Column C) * 100

DOCKET NO. 2008-0083
HAWAIIAN ELECTRIC COMPANY, INC.
RESULTS OF OPERATIONS
2009
(\$ IN 000'S)

EXHIBIT 4

	CURRENT EFFECTIVE RATES	ADDITIONAL AMOUNT	INTERIM RATES
Operating Revenues:			
Electric	1,282,685	73,718	1,368,403
Other	4,140	51	4,191
Gain on Sale of Land	615	0	615
Total Operating Revenues	<u>1,297,440</u>	<u>73,769</u>	<u>1,371,209</u>
	A	B	
Operating Expenses:			
O&M:			
Fuel	438,348		438,348
Purchased Power	346,467		346,467
Production	77,691		77,691
Transmission	13,633		13,633
Distribution	29,420		29,420
Customer Accounts	12,358		12,358
Allowance for Uncollectible Accounts	1,302	0	1,302
Customer Service	5,514		5,514
Administrative & General	87,286		87,286
Total O&M	1,012,019	0	1,012,019
Depreciation & Amortization	81,868		81,868
Amortization of State ITC	(1,453)		(1,453)
Taxes, Other than Income Taxes	121,945	6,553	128,498
Interest - Customer Deposits	479		479
Income Taxes	17,943	26,154	44,096
Total Operating Expenses	1,232,800	32,707	1,265,507
Net Operating Income	64,640	41,062	105,702
Average Depreciated Rate Base	1,251,571	(684)	1,250,907
Rate of Return	5.16%		8.45%

$$50\% * (B / A) = 50\% * (73,769 / 1,297,440) = 0.0284$$